

Message Text

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ACTION EUR-12

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UNCLAS BRUSSELS 04143

USEEC
E.O. 11652: N/A
TAGS: EEC, EAID
SUBJ: EC/TURKEY RELATIONS -- THE EUROPEAN INVESTMENT BANK
GRANTS LOAN UNDER THE SECOND FINANCIAL PROTOCOL

REF: 77 BRUSSELS 17988

1. THE EUROPEAN INVESTMENT BANK (EIB) ANNOUNCED FEB 23 THAT, UNDER THE TERMS OF THE EC/TURKEY SECOND FINANCIAL PROTOCOL TO THE EC/TURKEY ASSOCIATION AGREEMENT, A LOAN IS BEING GRANTED TO TURKEY FOR 6.3 MILLION UNITS OF ACCOUNT (U.A.; 1 U.A. EQUALS \$1.22) AS A CONTRIBUTION TOWARD EXPANDING THE PAPER INDUSTRY IN WESTERN ANATOLIA. THE TERM OF THE LOAN IS FOR 30 YEARS, INCLUDING AN 8-YEAR GRACE PERIOD, WITH INTEREST PAYABLE AT 4.5 PERCENT PER ANNUM, AND WILL COVER APPROXIMATELY 30 PERCENT OF THE COST OF INSTALLING A PLANT AT THE DALAMAN PAPER MILL.

2. THE LATEST LOAN EXHAUSTS THE 195 MILLION U.A. IN COMMITTED LOAN FUNDS UNDER THE SECOND FINANCIAL PROTOCOL. (AS REPORTED REFTEL, THE ADDITIONAL SUM OF 47 MILLION U.A. IS AVAILABLE UNDER AN ADDITIONAL PROTOCOL TO THE SECOND FINANCIAL PROTOCOL FOLLOWING THE ENTRY OF THE U.K., IRELAND, AND DENMARK INTO THE COMMUNITY BUT THE FUNDS

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CANNOT BE DISBURSED BECAUSE OF TURKEY'S FAILURE TO RATIFY THE PROTOCOL ALTHOUGH EC MEMBER STATES HAVE DONE SO.) A THIRD FINANCIAL PROTOCOL TO THE EC/TURKEY AGREEMENT PROVIDING FOR 310 MILLION U.A. AND SIGNED IN MAY 1977 HAS YET TO COME INTO EFFECT BECAUSE RATIFICATION PROCEDURES IN TURKEY AND THE EC MEMBER STATES HAVE NOT BEEN COMPLETED. HINTON

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